

104TH CONGRESS
1ST SESSION

H. R. 13

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. WALKER (for himself, Mr. KASICH, Mr. ARMEY, Mr. ALLARD, Mr. BACHUS, Mr. BAKER of California, Mr. BAKER of Louisiana, Mr. BALLENGER, Mr. BARTLETT of Maryland, Mr. BILIRAKIS, Mr. BLILEY, Mr. BLUTE, Mr. BOEHNER, Mr. BONILLA, Mr. BURTON of Indiana, Mr. CALVERT, Mr. CAMP, Mr. CANADY, Mr. COBLE, Mr. COMBEST, Mr. COX, Mr. CRAPO, Mr. DOOLITTLE, Mr. DORNAN, Mr. DUNCAN, Ms. DUNN of Washington, Mr. EVERETT, Mr. EWING, Mr. FAWELL, Mr. FOX, Mr. FRANKS of New Jersey, Mr. FRISA, Mr. GEKAS, Mr. GOODLATTE, Mr. GOSS, Mr. GREENWOOD, Mr. HANCOCK, Mr. HANSEN, Mr. HASTERT, Mr. HEFLEY, Mr. HERGER, Mr. HOEKSTRA, Mr. HUNTER, Mr. HUTCHINSON, Mr. INGLIS of South Carolina, Mr. KLUG, Mr. KNOLLENBERG, Mr. KOLBE, Mr. LIGHTFOOT, Mr. LINDER, Mr. LUCAS, Mr. MANZULLO, Mr. MCCOLLUM, Mr. MCCRERY, Mr. MILLER of Florida, Mr. NUSSLE, Mr. OXLEY, Mr. PACKARD, Mr. PAXON, Mr. PORTMAN, Mr. RAMSTEAD, Mr. ROYCE, Mr. SALMON, Mr. SCHIFF, Mr. SENSENBRENNER, Mr. SMITH of Texas, Mr. SMITH of Michigan, Mr. SOLOMON, Mr. STEARNS, Mr. STUMP, Mr. TORKILDSSEN, Mr. UPTON, Mrs. VUCANOVICH, Mr. WELDON of Pennsylvania, and Mr. ZIMMER) introduced the following bill; which was referred to the Committee on Ways and Means and, in addition, to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to allow indi-

viduals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Debt Buy-
5 Down Act”.

6 **SEC. 2. DESIGNATION OF AMOUNTS FOR REDUCTION OF**
7 **PUBLIC DEBT.**

8 (a) IN GENERAL.—Subchapter A of chapter 61 of the
9 Internal Revenue Code of 1986 (relating to returns and
10 records) is amended by adding at the end the following
11 new part:

12 **“PART IX—DESIGNATION FOR REDUCTION OF**
13 **PUBLIC DEBT.**

“Sec. 6097. Designation.

14 **“SEC. 6097. DESIGNATION.**

15 “(a) IN GENERAL.—Every individual with adjusted
16 income tax liability for any taxable year may designate
17 that a portion of such liability (not to exceed 10 percent
18 thereof) shall be used to reduce the public debt.

19 “(b) MANNER AND TIME OF DESIGNATION.—A des-
20 ignation under subsection (a) may be made with respect
21 to any taxable year only at the time of filing the return

1 of tax imposed by chapter 1 for the taxable year. The des-
 2 ignation shall be made on the first page of the return or
 3 on the page bearing the taxpayer's signature.

4 “(c) ADJUSTED INCOME TAX LIABILITY.—For pur-
 5 poses of this section, the term ‘adjusted income tax liabil-
 6 ity’ means income tax liability (as defined in section
 7 6096(b)) reduced by any amount designated under section
 8 6096 (relating to designation of income tax payments to
 9 Presidential Election Campaign Fund).”

10 (b) CLERICAL AMENDMENT.—The table of parts for
 11 such subchapter A is amended by adding at the end the
 12 following new item:

“Part IX. Designation for reduction of public debt.”

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years ending after the
 15 date of the enactment of this Act.

16 **SEC. 3. PUBLIC DEBT REDUCTION TRUST FUND.**

17 (a) IN GENERAL.—Subchapter A of chapter 98 of the
 18 Internal Revenue Code of 1986 (relating to trust fund
 19 code) is amended by adding at the end the following sec-
 20 tion:

21 **“SEC. 9512. PUBLIC DEBT REDUCTION TRUST FUND.**

22 “(a) CREATION OF TRUST FUND.—There is estab-
 23 lished in the Treasury of the United States a trust fund
 24 to be known as the ‘Public Debt Reduction Trust Fund’,

1 consisting of any amount appropriated or credited to the
2 Trust Fund as provided in this section or section 9602(b).

3 “(b) TRANSFERS TO TRUST FUND.—There are here-
4 by appropriated to the Public Debt Reduction Trust Fund
5 amounts equivalent to the amounts designated under sec-
6 tion 6097 (relating to designation for public debt reduc-
7 tion).

8 “(c) EXPENDITURES.—Amounts in the Public Debt
9 Reduction Trust Fund shall be used by the Secretary of
10 the Treasury for purposes of paying at maturity, or to
11 redeem or buy before maturity, any obligation of the Fed-
12 eral Government included in the public debt (other than
13 an obligation held by the Federal Old-Age and Survivors
14 Insurance Trust Fund, the Civil Service Retirement and
15 Disability Fund, or the Department of Defense Military
16 Retirement Fund). Any obligation which is paid, re-
17 deemed, or bought with amounts from the Public Debt Re-
18 duction Trust Fund shall be canceled and retired and may
19 not be reissued.”

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for such subchapter is amended by adding at the end the
22 following new item:

“Sec. 9512. Public Debt Reduction Trust Fund.”

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to amounts received after the date
25 of the enactment of this Act.

1 **SEC. 4. TAXPAYER-GENERATED SEQUESTRATION OF FED-**
2 **ERAL SPENDING TO REDUCE THE PUBLIC**
3 **DEBT.**

4 (a) SEQUESTRATION TO REDUCE THE PUBLIC
5 DEBT.—Part C of the Balanced Budget and Emergency
6 Deficit Control Act of 1985 is amended by adding after
7 section 253 the following new section:

8 **“SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC**
9 **DEBT.**

10 “(a) SEQUESTRATION.—Notwithstanding sections
11 255 and 256, within 15 days after Congress adjourns to
12 end a session, and on the same day as sequestration (if
13 any) under sections 251, 252, and 253, but after any se-
14 questration required by those sections, there shall be a se-
15 questration equivalent to the estimated aggregate amount
16 designated under section 6097 of the Internal Revenue
17 Code of 1986 for the last taxable year ending one year
18 before the beginning of that session of Congress, as esti-
19 mated by the Department of the Treasury on October 1
20 and as modified by the total of (1) any amounts by which
21 net discretionary spending is reduced by legislation below
22 the discretionary spending limits enacted after the enact-
23 ment of this section related to the fiscal year subject to
24 the sequestration (or, in the absence of such limits, any
25 net deficit change from the baseline amount calculated
26 under section 257 (except that such baseline for fiscal year

1 1996 and thereafter shall be based upon fiscal year 1995
2 enacted appropriations less any 1995 sequesters) and (2)
3 the net deficit change that has resulted from all direct
4 spending legislation enacted after the enactment of this
5 section related to the fiscal year subject to the sequestra-
6 tion, as estimated by OMB. If the reduction in spending
7 under paragraphs (1) and (2) for a fiscal year is greater
8 than the estimated aggregate amount designated under
9 section 6097 of the Internal Revenue Code of 1986 re-
10 specting that fiscal year, then there shall be no sequestra-
11 tion under this section.

12 “(b) APPLICABILITY.—

13 “(1) IN GENERAL.—Except as provided by
14 paragraph (2), each account of the United States
15 shall be reduced by a dollar amount calculated by
16 multiplying the level of budgetary resources in that
17 account at that time by the uniform percentage nec-
18 essary to carry out subsection (a). All obligational
19 authority reduced under this section shall be done in
20 a manner that makes such reductions permanent.

21 “(2) EXEMPT ACCOUNTS.—No order issued
22 under this part may—

23 “(A) reduce benefits payable the old-age
24 and survivors insurance program established
25 under title II of the Social Security Act;

1 “(B) reduce payments for net interest (all
2 of major functional category 900); or

3 “(C) make any reduction in the following
4 accounts:

5 “Federal Deposit Insurance Corpora-
6 tion, Bank Insurance Fund;

7 “Federal Deposit Insurance Corpora-
8 tion, FSLIC Resolution Fund;

9 “Federal Deposit Insurance Corpora-
10 tion, Savings Association Insurance Fund;

11 “National Credit Union Administra-
12 tion, credit union share insurance fund; or

13 “Resolution Trust Corporation.”.

14 (b) REPORTS.—Section 254 of the Balanced Budget
15 and Emergency Deficit Control Act of 1985 is amended—

16 (1) in subsection (a), by inserting after the item
17 relating to the GAO compliance report the following:

18 “October 1 . . . Department of Treasury report to
19 Congress estimating amount of income tax designated
20 pursuant to section 6097 of the Internal Revenue Code
21 of 1986.”;

22 (2) in subsection (d)(1), by inserting “, and se-
23 questration to reduce the public debt,”;

1 (3) in subsection (d), by redesignating para-
2 graph (5) as paragraph (6) and by inserting after
3 paragraph (4) the following new paragraph:

4 “(5) SEQUESTRATION TO REDUCE THE PUBLIC
5 DEBT REPORTS.—The preview reports shall set forth
6 for the budget year estimates for each of the follow-
7 ing:

8 “(A) The aggregate amount designated
9 under section 6097 of the Internal Revenue
10 Code of 1986 for the last taxable year ending
11 before the budget year.

12 “(B) The amount of reductions required
13 under section 253A and the deficit remaining
14 after those reductions have been made.

15 “(C) The sequestration percentage nec-
16 essary to achieve the required reduction in ac-
17 counts under section 253A(b).”; and

18 (4) in subsection (g), by redesignating para-
19 graphs (4) and (5) as paragraphs (5) and (6), re-
20 spectively, and by inserting after paragraph (3) the
21 following new paragraph:

22 “(4) SEQUESTRATION TO REDUCE THE PUBLIC
23 DEBT REPORTS.—The final reports shall contain all
24 of the information contained in the public debt tax-
25 ation designation report required on October 1.”.

1 (c) EFFECTIVE DATE.—Notwithstanding section
2 275(b) of the Balanced Budget and Emergency Deficit
3 Control Act of 1985, the expiration date set forth in that
4 section shall not apply to the amendments made by this
5 section. The amendments made by this section shall cease
6 to have any effect after the first fiscal year during which
7 there is no public debt.

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